1.0 Purpose

This policy establishes a generation repair fund and the application of that fund to assist qualified KPP Energy (KPP) member generators. The intention of this policy is to increase the availability of KPP member generation to meet generation capacity requirements by helping members make needed repairs expeditiously.

2.0 Definitions

DNR: Designated Network Resources. These are generation resources under the SPP OATT that have firm SPP NITS.

Generation Repair Work necessary to return a generator to operation following a breakdown or equipment failure. Does not typically include upgrades or improvements beyond those necessary to return the generator to operability. If planned work encompasses both an upgrade and modification and the necessary repairs to return the unit to service, only those portions of the costs estimated to be Generation Repairs shall be considered for assistance under this policy.

LMR: Load Modifying Resource. These are resources that can be used to modify the load on the KPP member's distribution system and can be used to decrease the actual load subject to KPP's RAR.

LRE: Load Responsible Entity. An Asset Owner with registered load in the SPP IM. KPP is an LRE and is responsible for all member load served by the SPP IM under SPP's NITS.

NITS: Network Integrated Transmission Service under the SPP OATT.

RAR: Resources Adequacy Requirements. This is the requirements under the SPP OATT that specify the amount of generation capacity, the accreditation for that capacity, the PRM and the method for calculating resource obligations that LREs must meet.

SPP OATT: Southwest Power Pool Open Access Transmission Tariff.

SPP IM: Southwest Power Pool Integrated Market.

TGC: Tested Generation Capability, this is the kilowatt capability rating of a KPP members generator as determined under the generation capacity payment policy.

3.0 The Generation Repair Fund (GRF)

3.1 Member Generation Qualifying to Use the GRF

The GRF is available for member generation that currently qualifies for generation capacity payments and is used to meet KPP NITS RAR by one or more of the following: a DNR, LMR, or registered in the SPP IM.

3.2 Repair costs that qualify for access to the GRF

A qualified Generator Repair that may access the GRF must be estimated to cost at least $5/kW of TGC. Unless the board approves a waiver, the maximum repair costs that can be paid for under the

GRF policy is limited to $50/kW of TGC. Members that access the GRF process for qualified Generation Repairs are expected to expeditiously repair the qualified generator.

3.3 Repair Cost Assistance

Up to one half of the qualifying Generation Repair costs may be recovered as a grant from the GRF, with no expectation of repayment. The remaining qualifying repair costs may be lent to the generation member for the qualifying Generation Repair.

3.4 Qualifying Generation Repair Loans

Generation Repair costs that qualify and are provided loans under this procedure, shall be repaid without interest by withholding all qualified generation capacity payments for the qualified generator until the load is repaid. The final generation capacity payment withholding to pay back the loan will be partially used to pay back the loan balance and the remaining amount will be paid to the member as a capacity payment. Upon paying of the loan there will be no further withholding of the members capacity payment for the qualified generator.

3.5 Limits on GRF Grants

Grants provided for qualified Generation Repairs are limited to the availability of funds in the GRF on a first come first serve basis. Should the GRF balance be too low to provide a qualified Generation Repair grant, the board may act to replenish the fund.

3.6 Procedure to Access Funding for Qualified Generation Repairs

Any member with a qualified Generation Repair may contact staff with a cost estimate for the qualified Generation Repair and seek a grant and loan under this policy. Upon the member's commitment to expeditiously repair the qualified generator and agreement for repaying the loan as described in section 3.4, KPP will provide reimbursement for actual expenditures up to the qualified Generation Repair cost estimate, subject to the section 3.2 limits. If the qualified Generation Repair costs exceed the initial estimate, the member may request additional grant and loan funds up to the limit established under section 3.2.

4.0 Establishing and Maintaining the Generation Repair Fund (GRF)

4.1 Establishing and the GRF

The GRF shall be initially established by including an approved budget item collected through the capacity demand rate.

4.2 Maintaining the GRF

The GRF shall be maintained and funded by two mechanisms.

4.2.1 During the annual budget process funds may be allocated to the GRF and recovered through the capacity demand charge.

4.2.2 Loans for qualified Generation Repairs under this process will be made from KPP reserves. As members that have taken loans under the GRF mechanism repay these loans from their generation capacity payments, that revenue is directed to the GRF.[1]

4.2.3 If the GRF balance is too low to support all needed qualified Generation Repairs, the KPP board may take action to replenish the fund.

4.2.4 Should the KPP Board find the GRF fund is adequate, the board may direct that loans may be made directly from the fund instead of KPP reserves.

5.0 The KPP Energy Board of Directors may revise this policy as needed and report to the membership any changes at the following annual meeting of the membership.

[1] By repaying these no interest GRF loans by redirecting the member's generation capacity payment, this revenue source for the GRF is in essence redirecting a portion of the generation capacity payment budget collected under the capacity demand rate to the GRF.